Colchester Public Schools
2022

PRECISION Retirement Group

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The *PRIME*-Choice Plan©

The Plan is the Gold Level Accumulated Sick Pay Solution for Colchester Public School Retirees.

Who We Are…

Precision Retirement Group, Inc. (PRG)

PRG is a nationally recognized benefit plan consulting company, specializing in the public sector marketplace.

Locally, The *PRIME*-Choice Plan has been implemented for Guilford PS, South Windsor PS, West Hartford PS, Stratford PS, Trumbull PS and More!

The plans national success dates back to 2002.

Is There a Need for The PRIME Choice Plan©

Study's show that a couple can expect to spend well over $300,000 for out of pocket medical expenses in retirement.

What is The *PRIME*-Choice Plan

The *PRIME*-Choice Plan allows the conversion of accumulated Sick Pay and RIPPs from a taxable cash distribution to an employer contribution to *one of two* post retirement benefit plans.

Option 1:
Is an Employer Non-Elective 403b Contribution to the employee's own 403b plan.

The *PRIME*-Choice Plan

The *PRIME*-Choice Plan adds a Tax-Free Second Option:

Option 2: The PRIME Plan,
The Medical Expense Reimbursement Trust.

This is an HRA and not an HSA. HRA stands for Healthcare Reimbursement Arrangement. The difference is that an HRA can only be funded with employer funds. An HSA can be funded by the employee.

The *PRIME*-Choice Plan

How is the Employer Contribution determined?

This is done through a Medical Needs Analysis questionnaire.

With the Employee's input on their post-retirement needs, The Medical Needs Analysis allows the Employer to determine a retiree's individual post-retirement need, thereby allowing an employer choice between a *tax-free health benefit* or a *tax-deferred benefit*.

The Medical Needs Analysis

The "Employer" or it's "Representative" determines a retiree's needs based upon an objective Medical Needs Analysis.

$ — Accumulated Sick Pay

The retiree then receives an employer contribution to either The PRIME Plan or a contribution to the Special Pay 403(b) Plan based on the employee's answers to the Medical Needs Analysis.

***The* PRIME Plan:**
***M**edical **E**xpense **R**eimbursement **T**rust*

The Special Pay 403(b) Plan

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The *PRIME* Choice Plan

Medical Needs Analysis Questions

1) Do you understand your employer's post-retirement health insurance coverage for you, your spouse and your dependents, and all costs to you associated with this coverage?
2) Are you staying on with the district's health insurance plan?
3) Does your spouse have health insurance that will cover you in retirement? If yes, do you have to pay for coverage? Is it pre-tax or post-tax premiums?
4) Do you have access to other health insurance in retirement?
5) When will you be eligible for Medicare?
6) *Is paying for post-retirement health insurance coverage and other post-retirement healthcare costs for you, your spouse and dependents a concern of yours in retirement? THE KEY CONSIDERATION FOR A RETIREE ☺*

Sample Medical Need Analysis

Paying Healthcare Costs is a Concern for Retiree #1!
The Employer will make a employer contribution of the retiree's accumulated sick pay to The PRIME Plan.

Retiree Benefits

#1: Tax-free reimbursements for after-tax post retirement healthcare expenses. These include Health Insurance Premiums, Medicare & the TRB Supplement, Long-Term Care, Co-pays and More!

- ☑ **No Federal or State Income Taxation**
- ☑ **No Medicare Taxation**
- ☑ **Tax-Free Earnings, 1%**
- ☑ **Spouse & Dependent Expenses are Eligible for Reimbursements. Should participant pass away their Spouse or Dependent can continue to use the funds for healthcare expenses. Should there be no Spouse or Dependent the funds revert back to the employer.**

Triple Tax Benefit: Tax Free Contribution, Interest & Reimbursements!

The PRIME Plan: Affordable Care Act (ACA)

If an employee you returns to work for their Employer as an employee of the district they cannot be reimbursed from their account until they separate from service again.

This is a retiree HRA and not for active employee use. Being a Substitute Teacher for the previous Employer is considered an Employee.

The PRIME Plan: Reimbursement Process

The Reimbursement Process is very easy. There is not a Debit Card for the plan.

Most retirees use their funds each month to reimbursed for premium payments. We can set the premium reimbursements to occur automatically each month so you only need to complete the form once per year.

Savings with the The *PRIME*-Choice Plan

	PRIME Plan	Special Pay 403b Plan
Accumulated Sick Pay	$18,000	$18,000
Federal Taxes (25%)	$0	$5,500*
State Taxes (6%)	$0	$1,080*
Medicare Taxes (1.45%)	$0	$0
Real Tax Savings	$6,841	$261
Net Amount Available For Medical Expenses	$18,000	$11,420

* Deferred From Current Year Taxation

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The *PRIME* Choice Plan: Summary

The PRIME Choice Plan increases the value of an employee's Sick Pay having two tax-advantaged options versus one. The first providing tax-free assets for healthcare expenses. The second providing tax deferral for retirement needs.

The district can continue to use its current Special Pay 403b Plan providers for retirees who don't need funds for healthcare expenses in retirement.

The PRIME Choice Plan implemented at no cost to the district.

The PRIME Choice Plan requires very little work on the district's part.

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Thank you ☺